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eager both to reconstruct their plants and to restore their former international connexions. At that time it did not yet seem dangerous either for business men or for politicians to cultivate Western contacts.

As to the structure of Hungarian society, roughly half of the population was before the war dependent on agriculture, one-quarter was engaged in mining, manufactures, and handicrafts, and about 10 per cent in commerce, banking, and communications.[1] Under the impact of post-war developments important changes took place within the various social groups. Yet the proportion of agricultural population had hardly changed to an appreciable extent until 1947.[2]

The structure of agriculture had been radically changed by the land reform of 1945 which limited agricultural holdings to the size of 100 and in certain defined cases to 200 yokes (140—280 acres). Some 1,500 big and mammoth estates and a considerable number of medium-sized holdings (200 to 1,000 yokes), roughly 30 per cent of the cultivated area, were transformed into small units. Property was assigned to 370,000 landless labourers while some 270,000 dwarf lots were enlarged.

The dislocation consequent on this sudden change in structure was not overcome during the two years that elapsed between the land reform and the Three-year Plan of 1947. The process of implementing the reform by providing the new farmers with the requisites for the economic cultivation of their holdings, was at its very initial stage. Some expedients of mutual assistance among the farmers were evolved to meet the shortage of machinery and draught animals. The lack of livestock was an aftermath of the war, stock-raising being the part of the economy which had suffered most heavily from the war. Animal husbandry had been a fairly well developed branch of farming in pre-war Hungary. It was mainly due to this fact permitting a more plentiful use of manure that average yields per acre in agriculture were higher than in other countries of South-eastern Europe. Reduced livestock, the reconstitution of which could but be gradual, meant lower agricultural output, and the insufficient supply of implements and machinery caused a setback in the mechanization of agriculture, which, in any case, in view of cheap labour, had made little progress even before the war.

In manufacturing industry new forms of industrial relations in public and private concerns had to be adopted. The position of the trade unions was substantially strengthened. Collective

[1] See further details on the census of 1941 in the Appendix, Table II.

[2] The first post-war census applies to the end of 1948. No figures were released, however, except some details on small-scale industry and commerce.

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wage agreements, which before the war were settled by voluntary understanding between employers and work-people, became compulsory. They had to be negotiated by the respective trade unions and the employers' associations, and were subject to approval by the authorities. Another feature of altered conditions was the establishment of workers' councils in the factories. Their task was to watch over working conditions and the execution of social-welfare measures within the factories. Also delegates of these councils were entitled to attend the meetings of boards of directors and to inspect books.

Of the working population scheduled under industry a high proportion was engaged in handicrafts. According to the census of 1941, small-scale industry comprised 11 per cent of the active working population out of 23·5 per cent for industry as a whole. At the same time manufactures (i.e. units with more than twenty employees) contributed about 29 per cent, and small-scale industry 11·5 per cent to the national income, as estimated by the Institute of Economic Research. After the war the relative importance of handicrafts and small-scale industry was declining. Demand for their quality products diminished. Moreover, their raw-material supplies were deficient; priority was given to the requirements of large-scale industry, and, in particular, of those branches producing capital goods.

An outstanding feature of post-war economic developments was the levelling of inequalities of incomes with a considerably diminished national income. This naturally was closely connected with changes in the social structure. Big incomes from the ownership of land disappeared, but so did most of those formerly derived from other forms of property. Deposits and other classes of money claims were wiped out by the inflation, and the values of interest-bearing securities melted away. As to house property, its ownership remained, but the yield was practically nationalized, as after taxation nothing was left out of the controlled rent. Thus the rentier class was eliminated. In the census of 1941 it figures together with the pensioners, and the share of this composite group of the total population was then slightly over 4 per cent. In an economy of scarcity relatively big incomes were still earned by industrialists and dealers by evading price control. Outside this limited circle the levelling of incomes affected all classes of society, including the workers. The margin between the wages of skilled and unskilled, which had been substantial in pre-war Hungary, was markedly narrowed.

Protection of the agricultural labourers.

745 In spite of all the difficulties inherent in the years
241 of depression following the first world war, the Government introduced social welfare measures which will have their beneficial effects on the welfare of the agrarian population for a long time to come.

465 These measures were taken by the Government as
468 far back as 1923. Act XXV of 1923 laid the foundation for the regulation of minimum wages for farm labourers, another law (Act XXIV of 1923) regulates the legal procedure in wage disputes, a third law (Act XI of 1923)
[476] secured subsidies for the co-operative societies of farm labourers. The interest of the farm labourers under contract was promoted by Act V of 1933 in a marked degree by regulating the forms of contracts.

Minimum wages.

465 Since the minimum wage act of 1923 only regulated
241 the wages of day-labourers, in 1940 a new law was enacted which extended the benefit of minimum wage legislation to all kinds of farm labour. In conformity with the provisions of this law the minimum wage standards are fixed in each county separately according to subsistence standards, value of labour and working conditions prevailing in the county. Care was taken that laws enacted for the protection of labour should be enforced. To this end the agricultural labour inspection bureau was established, which is entrusted with the task of enforcing the provisions of the law.

Employment bureaux.

464 At the time of the establishment of the labour in-
241 spection bureaux the state modernized the agricultural